



House of Representatives

File No. 754

General Assembly

January Session, 2013

(Reprint of File No. 290)

Substitute House Bill No. 6380
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 6, 2013

AN ACT CONCERNING PROPERTY AND CASUALTY INSURANCE POLICIES AND PUBLIC ADJUSTER CONTRACTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2013*) (a) When a covered loss
2 for real property requires the replacement of an item or items and the
3 replacement item or items do not match adjacent items in quality, color
4 or size, the insurer shall replace all such items with material of like
5 kind and quality so as to conform to a reasonably uniform appearance.
6 This provision shall apply to interior and exterior covered losses.

7 (b) Nothing in this subsection shall be construed to impose liability
8 on an insurer as a warrantor of any work performed pursuant to this
9 subsection.

10 (c) Nothing in this subsection shall be construed to authorize or
11 preclude enforcement of policy provisions relating to settlement
12 disputes.

13 Sec. 2. (NEW) (*Effective October 1, 2013*) (a) The declination,

14 cancellation or nonrenewal of a homeowners insurance policy is
15 prohibited if the declination, cancellation or nonrenewal is based solely
16 on a loss incurred as a result of a catastrophic event as declared by a
17 nationally recognized catastrophe loss index provider. For the
18 purposes of this section, an insurer shall not be deemed to have
19 declined, cancelled or nonrenewed a policy if coverage is available
20 through an affiliated insurer.

21 (b) The declination or nonrenewal of a homeowners insurance
22 policy, the addition of a surcharge or any increase in the premium of
23 such policy is prohibited if the declination, nonrenewal, surcharge or
24 increase is based solely on any claim filed on the covered property
25 while such property was owned by anyone other than the current
26 applicant or insured, unless the risk from which such claim originated
27 has not been mitigated.

28 (c) The cancellation or nonrenewal of a homeowners insurance
29 policy or an increase in the premium of such policy is prohibited if the
30 cancellation, nonrenewal or increase is based solely on inquiries made
31 on such policy or a claim filed under such policy that resulted in a loss
32 coverage payment by the insurer of less than five hundred dollars or in
33 no loss coverage payment. Such prohibition shall not apply if the
34 insured filed more than one claim resulting from a noncatastrophic
35 event in the three policy years immediately preceding that resulted in
36 any loss coverage payment by the insurer.

37 Sec. 3. Section 38a-724 of the general statutes is repealed and the
38 following is substituted in lieu thereof (*Effective October 1, 2013*):

39 (a) The use of an employment contract between a public adjuster
40 and the insured shall be mandatory. [Such]

41 (1) Any such contract signed on or after October 1, 2013, shall
42 contain a provision, prominently displayed on the first page of such
43 contract in not less than twelve-point boldface type, specifying that the
44 insured may cancel the contract, provided such insured notifies the
45 public adjuster at such public adjuster's main office or branch office at

46 the address shown in the contract, by certified mail, return receipt
47 requested, posted not later than midnight of the [second] fourth
48 calendar day after the day on which the insured signs the contract,
49 except that if the signing is on a Friday, Saturday or Sunday, the
50 cancellation shall be posted not later than midnight of the [Tuesday]
51 Thursday immediately following, and thereafter the contract shall be
52 void ab initio.

53 (2) Any such contract signed on or after October 1, 2013, that does
54 not display the provision as specified in subdivision (1) of this
55 subsection shall be void ab initio.

56 (b) No public adjuster shall solicit an insured between the hours of
57 eight o'clock p.m. and eight o'clock a.m.

58 Sec. 4. Subsection (d) of section 38a-788 of the general statutes is
59 repealed and the following is substituted in lieu thereof (*Effective*
60 *October 1, 2013*):

61 (d) The commissioner may adopt such regulations in accordance
62 with the provisions of chapter 54, [as he deems necessary,] with
63 respect to the form and manner of filing of application for license as a
64 public adjuster and the issuance, suspension and revocation of such
65 licenses and the conduct of hearings in connection therewith, the
66 manner in which public adjusters shall conduct their business,
67 including limitations on fees [which] that may be charged [,] and the
68 form of the employment contract between a public adjuster and a
69 client. The use of such contract shall be mandatory. Such contract shall
70 contain [a] the provision [specifying that the client may cancel the
71 contract, provided he notifies the public adjuster at his main office or
72 branch office at the address shown in the contract, by certified mail,
73 return receipt requested, posted not later than midnight of the second
74 calendar day after the day on which the client signs the contract,
75 except that if the signing is on a Friday, Saturday or Sunday, the
76 cancellation shall be posted not later than midnight of the Tuesday
77 immediately following, and thereafter the contract shall be void ab

78 initio] specified in subsection (a) of section 38a-724, as amended by this
79 act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2013</i>	New section
Sec. 2	<i>October 1, 2013</i>	New section
Sec. 3	<i>October 1, 2013</i>	38a-724
Sec. 4	<i>October 1, 2013</i>	38a-788(d)

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

This bill makes certain requirements for property and casualty insurance policies. As it concerns private insurance transactions, there is no fiscal impact.

House "A" made several clarifying changes to the underlying bill. There was no fiscal impact

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 6380 (as amended by House "A")******AN ACT CONCERNING PROPERTY AND CASUALTY INSURANCE POLICIES.*****SUMMARY:**

This bill prohibits an insurer from declining, cancelling, or failing to renew a homeowners policy or increasing its cost under several circumstances.

It requires that insurance policies covering real property ensure that the surroundings of a damaged item that is replaced match the quality and kind of the replaced item.

By law, when an insured hires a public adjuster they must enter into an employment contract. For contracts signed on or after October 1, 2013, the bill increases, from three to five calendar days, the time the insured has to rescind the contract. Under current law, if the contract is signed on a Friday, Saturday, or Sunday, the insured has until midnight on the following Tuesday to cancel the contract; the bill extends this to midnight on Thursday. By law, the contract must have a provision specifying the insured's right to cancel. The bill requires that this provision be on the contract's first page in at least 12-point bold type .

*House Amendment "A" (1) specifically requires that the replacement materials be of like quality and kind as the replaced materials, (2) eliminates a provision that exempts the insured from paying over any applicable deductible for the replacement, (3) makes a minor related change, and (4) adds the provisions on adjusters.

EFFECTIVE DATE: October 1, 2013

PROHIBITIONS REGARDING HOMEOWNERS POLICIES

The bill prohibits an insurer from declining, cancelling, or failing to renew a homeowners insurance policy solely due to a loss incurred as a result of a catastrophic event, as declared by a nationally recognized catastrophic loss index provider. However, it may offer coverage through an affiliated insurer. The bill prohibits an insurer from declining or failing to renew a homeowners policy, adding a surcharge on a claim, or increasing the policy premium if this action is based on any claim filed on the covered property while anyone, other than the current applicant or insured, owned the property, unless the risk from which the claim originated has not been mitigated.

The bill prohibits an insurer from (1) cancelling or failing to renew a homeowners policy or (2) increasing its premium if this action is based solely on inquiries made on the policy or a claim filed under it that resulted in a payment by the insurer of less than \$500 or in no loss coverage payment. The prohibition does not apply if the insured filed more than one claim resulting from a non-catastrophic event in the three policy years immediately preceding that resulted in a loss coverage payment by the insurer.

MATCHING REPLACEMENT ITEMS

Under the bill, when a loss covered under a policy for real property requires replacing a damaged item that will not match the quality, color, or size of adjacent items, the insurer must replace these items with materials of like kind and quality to provide a reasonably uniform appearance. This requirement applies to both interior and exterior covered losses. These provisions (1) do not impose liability on an insurer as a warrantor of any of the work or (2) authorize or preclude enforcement of policy provisions relating to settlement disputes.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 17 Nay 1 (03/14/2013)